Alaska Health Care Commission

Meeting Discussion Guide

October 10-11, 2013

WITH NOTES FROM MEETING

CORE STRATEGY IV:
Engage employers to improve health plans and employee wellness

Brainstorm Preliminary 2013 Findings & Recommendations

2012 Employer Engagement Findings

- Employers play an important role in the health of their employees, and in the value – the cost, quality and outcomes – of health care services purchased through employee health plans.

- CEOs who take control of health care like any other supply chain issue and adopt health and health care improvement as a business strategy are improving employee wellness and productivity, containing health care cost growth and improving health care quality for their companies.

- Essential Elements of employee health management programs that demonstrate success in driving down health care costs and improving quality and employee health outcomes include:
  - **Price Sensitivity.** Traditional health plans with low deductible and co-payment requirements insulate the plan member/patient from experiencing the direct cost of a service; therefore there is little incentive for the covered patient to engage as an informed consumer and as a partner with their health care provider in addressing questions regarding the need, efficacy and price for a service. Consumer-driven health plans that include employer-supported Health Savings or Health Reimbursement Accounts, off-set by higher deductibles and co-insurance, engage members to shop for price, service and quality, and demonstrate cost savings.
  - **Price & Quality Transparency.** Employees/plan members must have easy access to information on the prices charged for health services, the amount their health plan will reimburse, and the quality of services available in order to be informed and engaged health care consumers.
  - **Pro-active Primary Care Emphasis.** Primary care must be easily accessible to employees in terms of physical location and convenience, and also in terms of low or no co-insurance costs. Preventive services, easy access care for acute illness and minor injuries, and pro-active support for management of chronic conditions avoids more costly care that might otherwise require a higher level of care and also higher costs associated with later treatment of conditions that might worsen with time.
  - **Support for Healthy Lifestyles.** Employers' policies and working conditions can be designed to support an employee's ability to make healthy choices, and can also provide employees with incentives to improve and maintain their personal health.

2012 Employer Engagement Recommendations

1. The Alaska Health Care Commission recommends the Department of Health & Social Services investigate and the legislature support implementation of a mechanism for providing the public with information on prices for health care services offered in the state, including information on how quality and outcomes compare, so Alaskans can make informed choices as engaged consumers.
   - To support this strategy the Commission is currently studying the business use case for a statewide All-Payer Claims Database for Alaska, and investigating health care price and quality transparency legislation enacted in other states.

2. The Alaska Health Care Commission recommends the State of Alaska, as a major employer in the state, play a leadership role for all Alaskan employers by continuing to develop and share strategies already underway to improve employee health and productivity and increase health care value. The Commission recommends the Department of Administration take a comprehensive approach by including all the essential elements of a successful employee health management program: Price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees.
   - To support this strategy the Commission will continue to engage the business community and public employers in learning about opportunities for increasing value in health care and improving health outcomes.

Engage Employers – 2013 Findings

October 10, 2013 Brainstorming Notes

- APCD important
- Who is tracking rural sanitation?
- Is there a way to increase scale? What are the barriers to employers/insurers partnering to leverage purchasing power?
- "can't amend the law of supply and demand"
- Scale important for implementing strategies – more important than purchase power
- Current structure in state influences the market – 80% UCR regulation and State Statute regarding assignment of benefit (more important than scale)

Engage Employers – 2013 Findings

October 10, 2013 Brainstorming Notes

- Coalition presentation at lunch was really interesting – identifying collaborative opportunities to improve health
- Scale: State Dept of Admin, non-diminishment clause re retirement benefits; 17,000 active employees and dependents; 31,000 pre-65 retirees and dependents SOA responsibility – SOA unable to use steerage for retiree plan population
- Scale: Large employer partnership and/or union trust partnership may present opportunities for aligning interests and strategies – can't necessarily aggregate lives but still an opportunity

Engage Employers – 2013 Findings

October 10, 2013 Brainstorming Notes

- Control of opioids is a critical public health issue and important cost containment opportunity
- Workers' Comp fee schedule demonstrates an inefficient allocation of resources
- Insurers already aggregate and provide scale (150,000 lives under Premera AK plans)
- We have an insurance system not a health care system, but insurers are beginning to function more like a health care system – addressing wellness for example
- Bring Andrew Sykes, health and wellness actuarial, to present to the Commission
- ACA requires all non-grandfathered plans to include preventive services; Medicare now covers them

Engage Employers – 2013 Findings

October 10, 2013 Brainstorming Notes

- Impact of ACA Cadillac tax is going to be a huge factor going forward, and it's already starting to drive conversations (e.g., ASD negotiation with unions)

Engage Employers – 2013 Recommendations

October 10, 2013 Brainstorming Notes

- Should we make a recommendation regarding opioid control? Specifically clinician dispensing
- Should we take Worker's Comp recommendations and adopt them?
  - At least the two specific to pharmaceuticals
    - Regulate physician dispensing
    - Regulate use of opioid narcotics
  - Implement evidence-based treatment guidelines to improve quality
  - Cost data (APCD would address this)
  - Contract with independent research organization to study effects of recommended changes
  - Re: Fees - UCR is inherently inflationary

Engage Employers – 2013 Recommendations
October 10, 2013 Brainstorming Notes

- Disease management for top 5% of patients that incur the most cost is not necessarily as effective as -
  - Evidence-based Complex Case Management applied to less than 1% of sickest members, which really improves quality of care and minimizes waste of resources

Employer Engagement

Potential Finding & Recommendation Ideas/Concepts for Consideration on October 11, based on October 10 Brainstorming Notes

Parking Lot

October 11, 2013 Notes

- Who is tracking rural sanitation? – INCLUDE ON THE COMMISSION'S 2014 AGENDA
- Bring Andrew Sykes, health and wellness actuarial, to present to a future Commission meeting on the science of worksite wellness and proven interventions
- Invite addiction treatment facility to future Commission meeting to discuss prescription opioid abuse problem

Employer Engagement Findings
October 11, 2013 Notes

Market forces: Purchasing Power of Payers vs. Pricing Power of Providers

- It is challenging to aggregate enough covered lives to leverage purchasing power
- It's possible that aggregating purchasing power among public programs could drive market forces that might negatively impact private purchasers
- Aggregating covered lives is more important for implementing other essential strategies for controlling costs than aggregating to leverage purchasing power
- State of Alaska Department of Administration has 17,000 active employees and dependents on the active employee health plan, and 31,000 pre-65 years-of-age retirees and dependents on the retiree health plan. The non-diminishment clause regarding retirement benefits in the State Constitution restricts the Department of Administration's ability to implement strategies that could help to improve the retiree plan and contain costs, such as steerage through preferred providers and networks.
- Insurers already aggregate and provide scale (150,000 lives under Premera Alaska plans)
- Current Alaska law and regulation create an environment that weights power in the market towards the price-setters:
  - Division of Insurance Regulation requiring insurers set UCR at no less than the 80th percentile
  - State Statute requiring acceptance of assignment of benefits

Employer Engagement Findings
October 11, 2013 Notes

Employer Coalitions

- Large employer partnerships and/or union trust partnerships present opportunities for aligning interests and strategies aimed at improving employee health and value in health purchasing.
- All-Payer Claims Databases provide a potential data source for employer coalitions to study information about utilization, quality, preventive services, and pricing.
- Employer coalitions can develop partnerships with health care providers in their regions and communities to collaborate on health and health care improvement initiatives.

Clinician dispensing issue

- Some providers submit insurance claims without NDC numbers – indicating that those prescribing clinicians are purchasing, repackaging and dispensing drugs
- Examples of significantly inflated prices charged by providers

Employer Engagement Findings
October 11, 2013 Notes

Opioids

- Abuse of prescription opioids is a critical personal, employer and public health concern
  - *Leading cause of death (add national and AK statistics)*
- Impact on provider practices is necessary to impact this problem
- *Add bullet that describes benefits Washington and OK have experienced from legislation / State program as examples*
- *PARKING LOT – invite addiction treatment facility to present to Commission*

Workers' Compensation

- Workers' Comp fee schedule demonstrates an inefficient allocation of resources.
- UCR fee schedule is inherently inflationary and interferes with market function
- Evidence-based medicine issue

Employer Engagement Findings
October 11, 2013 Notes

Cadillac Tax

- The Affordable Care Act "Cadillac Tax" on high-priced insurance plans is starting to impact employers' decisions and union negotiations regarding health benefits. Beginning in 2018, for health plans that exceed $10,200 annually for individual plans and $27,500 for family plans, there will be a 40% excise tax on the cost exceeding those limits.

Disease management for top 5% of patients that incur the most cost is not necessarily as effective as:

- Evidence-based Complex Case Management applied to the less than 1% of sickest members; which significantly improves quality of care and minimizes waste of resources

Employer Engagement Recs
October 11, 2013 Notes

- Should we make a general recommendation regarding opioid control (in addition to the related recommendation specific to the Worker's Comp program)? YES
  - Require CME for licensure/re-licensure of clinicians with prescription authority on over prescription of opioids and how to spot potential abusers
    - Motion R. Urata; 2nd L. Stinson; passed unanimously
  - Adopt maximum opioid prescription dosage policies in state programs responsible for purchase of medical services
    - Motion A. Hippler; 2nd D. Morgan; passed unanimously
  - State should establish and support a real-time prescription opioid registry
    - Motion J. Davis; 2nd L. Stinson; passed 9 to 1
    - Voting yea: J. Davis, L. Stinson, D. Morgan, E. Ennis, R. Urata, K. Campbell, W. Hurlburt, T. Harrell, V. Davidson
    - Voting nay: A. Hippler

Employer Engagement Recs
October 11, 2013 Notes

- Coding for prescription drugs- clinician dispensing
- The Alaska Health Care Commission recommends the Division of Insurance modify the UCR regulation to establish a ceiling in addition to the floor established in the current regulation.

Employer Engagement Recs
October 11, 2013 Notes

- Put the issue regarding the Division of Insurance UCR regulation on the Commission's 2014 agenda for further analysis
  - Motion by V. Davidson; 2nd by L. Stinson
  - Failed; 2 yea, 6 nay, 1 recused for potential conflict, 1 absent for vote
    - Voting yea: V. Davidson, L. Stinson
    - Voting nay: J. Davis, A. Hippler, R. Urata, K. Campbell, W. Hurlburt, T. Harrell
    - Recused for potential conflict: D. Morgan
    - Out of the room during vote: E. Ennis

Employer Engagement Recs
October 11, 2013 Notes

- Recommend the Division of Insurance consider modifying the current UCR regulation to eliminate the unintended adverse pricing consequence
  - Motion by J. Davis; 2nd by A. Hippler
  - Passed; 7 yea, 2 nay, 1 recused for potential conflict
    - Voting yea: J. Davis, A. Hippler, E. Ennis, R. Urata, K. Campbell, W. Hurlburt, T. Harrell
    - Voting nay: V. Davidson, L. Stinson
    - Recused for potential conflict: D. Morgan

Employer Engagement Recs
October 11, 2013 Notes

- The Alaska Health Care Commission recommends the Alaska legislature enact changes in the Workers' Compensation Act to contain medical costs in the program and improve quality of care and outcomes for injured workers, including
  - Implementation of evidence-based treatment guidelines to improve quality of care
  - Regulation of clinician dispensing
  - Regulation of opioid narcotics
  - ~~Collection of data on medical costs~~
  - ~~Contract with independent research organization to study effects of recommended changes~~
  - Revise fee-for-service fee schedule

2010 Evidence-based Medicine Findings

- **Finding a:** Waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending.
- **Finding b:** Evidence-based medicine can increase the effectiveness of medical treatment, improve the quality of health care, and reduce health care costs.
- **Finding c:** Public and private health care sectors have demonstrated an increasing interest in applying evidence-based medicine to policy and practice in response to high and rising costs and variations in quality of health care.
- **Finding d:** Involvement of health care providers and patients in decision-making is essential to the successful application of evidence-based medicine to clinical practice and public and private payer policies.
- **Finding e:** Existing mechanisms to assess patients' compliance with evidence-based medical recommendations are limited.
- **Finding f:** Assessing the outcomes of health care interventions is challenging due to limitations on collecting and sharing data among patients, clinicians, payers, and government agencies.

2013 Evidence-based Medicine Findings

October 11, 2013 Notes

- *Suggest not adding "critically appraised" qualifiers to strategy and outcome statements as recommended by Delfini – too academic for lay policy leaders and public, and doesn't add value.*

Keep 2010 findings and add Definitions:

- **Evidence-based medicine** is the use of the scientific method and application of valid and useful science to inform health care provision, practice, evaluation and decisions. (Delfini)
- **Critical appraisal** is scientific evaluation of evidence for validity through review for systematic errors resulting from selection bias, information bias and/or confounding, and for clinical usefulness.
- **High grade evidence** is evidence determined through critical appraisal to be of high quality and clinically useful.

2013 Evidence-based Medicine Recommendations

October 11, 2013 Notes

Potential modifications to 2010 Recommendations based on 2013 learning and discussion:

1. The Commission recommends that Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System ~~the Governor and Alaska Legislature encourage and support State health care programs to~~

   a. Engage in the application of high grade evidence-based medicine in making determinations about benefit design (covered services; efficient, prompt, user-friendly prior authorization requirements; patient cost-sharing differentials) and provider payment methods.

   b. ~~2. The Commission recommends that the Governor require State health care programs to~~ Coordinate development and application of evidence-based medicine policies to create a consistent approach to supporting improved quality and efficiency in Alaska's health care system.

   c. Provide training and skill development opportunities in critical appraisal concepts and knowledge for all staff involved in analysis, consultation, and/or decision making regarding procurement of medical services.

2013 Evidence-based Medicine Recommendations

October 11, 2013 Notes

d. ~~3. The Commission recommends that the Governor require State health care programs to~~ Involve health care providers and consumers in training opportunities and decision making related to the application of evidence-based medicine to public policy.

e. T~~he purpose of such involvement is to~~ Support a transparent process leading to policies that avoid restricting access to appropriate treatment and that foster informed discussions between patients and clinicians in which individualized, evidence-based choices improve the quality of health care.

f. Provide patient decision-support tools to assist State health plan members and public program clients with personal evidence-based clinical decision making.

- Add links to US AHRQ and Choosing Wisely

g. ~~4. The Commission recommends that the Governor direct State health care programs to~~ Seek to incorporate data on patient compliance in developing new provider payment methods and benefit design.

2013 Evidence-based Medicine Recommendations

October 11, 2013 Notes

2. The Commission recommends the University of Alaska President incorporate evidence-based medicine and critical appraisal principles in clinical training and education curricula.

Suggest moving #5 to the Information Infrastructure Set of Recommendations:

5. The Commission recommends that the Alaska Department of Health & Social Services implement a web-based data system for public health information.

Approved 2013 Hospital Discharge Database Recommendation

- The Alaska Health Care Commission recommends the Department of Health &Social Services mandate participation in the Hospital Discharge Database for the purpose of providing data that will lead to health care policy decisions that will improve the health of Alaskans, and to encourage federal facility participation in that database.

Approved 2013 APCD Recommendation

- The Alaska Health Care Commission recommends the State of Alaska immediately proceed with caution to establish an All Payer Claims Database and take a phased approach. As part of the process:
  - Engage stakeholders in planning and establishing parameters
  - Establish ground rules for data governance
  - Ensure appropriate analytical support to turn data into information and support appropriate use
  - Focus on consumer decision support as a first deliverable
  - Start with commercial, Medicaid and Medicare data first, then collaborate with other federal payers
  - Address privacy and security concerns

Proposed Commission Plans for 2014

October 11, 2013 Notes

I. Continue Analysis of Strategies for Improving Value:

- Employer's Role
  - Incorporate new knowledge gained from Alaskan employer survey & round table discussions with Alaskan employer groups
- Transparency
  - Evaluate other States' transparency laws
- Oral health

II. Continue Study of Current Conditions:

- Quality and safety of medical services
- Insurance Access
  - Including information from Alaskan employer survey of health offerings
- Pharmacy Benefit Management
- Fraud & Abuse
- Rural Sanitation
- Alaska Military/VA Health Care System
- Continue tracking implementation of 2009–2013 recommendations
- Continue tracking implementation of PPACA
- Track development of Healthy Alaskans 2020

III. Collaborate with DHSS & Other State Agencies on Alaska Statewide Health Plan:

- Identify action steps for implementation of Commission's strategies and recommendations.

NEXT STEPS

- **Monday, October 14:** Look for next draft of 2013 Findings & Recommendations, based on Oct 11 meeting discussion, from Deb
- **Friday, October 25:** Submit your comments, suggested edits, and questions to Deb
- **Monday, October 28:** Look for compilation of Commissioners' comments, edits and questions from Deb
- **Week of October 28:** 1 hour teleconference to review and discuss comments, finalize changes, and approve for release as draft for public comment
- **Friday, November 1:** 2013 draft released for public comment

2013 Meeting Schedule

- Thursday, March 7 – Friday, March 8
- Thursday, June 20 – Friday, June 21
- *Friday, August 9, 9:00-12:00 noon: State Health Plan Stakeholder Discussion; Anchorage*
- Wednesday, August 21 – Thursday, August 22
- Thursday, October 10 – Friday, October 11
- *Week of October 28: Teleconference to finalize Draft Findings & Recommendations*
- *November 1 through November 22: Public Comment on Draft Findings & Recommendations*
- **Friday, December 6** *finalize 2013 Findings & Recommendations*